

**MAIZE RECREATION COMMISSION  
MAIZE, KANSAS**

**FINANCIAL STATEMENT  
JUNE 30, 2016**

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**BUSBY FORD & REIMER, LLC**

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CERTIFIED PUBLIC ACCOUNTANTS

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JUNE 30, 2016**

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# BUSBY FORD & REIMER, LLC

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CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

### **Maize Recreation Commission Maize, Kansas**

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of **Maize Recreation Commission, Maize, Kansas**, as of and for the year ended **June 30, 2016**, and the related notes to the financial statement.

#### *Management's Responsibility for the Financial Statement*

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1 to meet the financial reporting requirements of the State of Kansas. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide*. Those standards and guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Maize Recreation Commission**

### *Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America*

As described in Note 1 of the financial statement, the financial statement is prepared by **Maize Recreation Commission, Maize, Kansas**, to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### *Adverse Opinion on Accounting Principles Generally Accepted in the United States of America*

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of **Maize Recreation Commission, Maize, Kansas**, as of **June 30, 2016**, or the changes in its financial position and cash flows thereof for the year then ended.

### *Opinion on Regulatory Basis of Accounting*

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of **Maize Recreation Commission, Maize, Kansas**, as of **June 30, 2016**, and the aggregate cash receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

### *Report on Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget and individual fund schedule of regulatory basis receipts and expenditures-actual and budget (Regulatory-Required Supplementary Information as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statement as a whole, on the basis of accounting described in Note 1.

## **Maize Recreation Commission**

The 2015 Actual column presented in the individual fund schedule of regulatory basis receipts and expenditures-actual and budget (as listed in the table of contents) is also presented for comparative analysis and is not a required part of the 2015 basic financial statement upon which we rendered an unmodified opinion dated September 4, 2015. The 2015 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <http://da.ks.gov/ar/muniserv/>. Such 2015 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2015 basic financial statement. The 2015 comparative information was subjected to the auditing procedures applied in the audit of the 2015 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2015 basic financial statement or to the 2015 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2015 comparative information is fairly stated in all material respects in relation to the 2015 basic financial statement as a whole, on the basis of accounting described in Note 1.

***Busby Ford & Reimer, LLC***

Busby Ford & Reimer, LLC

August 12, 2016

**MAIZE RECREATION COMMISSION**  
**SUMMARY OF CASH RECEIPTS, EXPENDITURES,**  
**AND UNENCUMBERED CASH**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

Fund	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Add		
					Ending Unencumbered Cash Balance	Encumbrances and Accounts Payable	Ending Cash Balance
General Fund	\$ 302,652	\$ 0	\$ 625,957	\$ 602,500	\$ 326,109	\$ 759	\$ 326,868
	\$ 302,652	\$ 0	\$ 625,957	\$ 602,500	\$ 326,109	\$ 759	\$ 326,868

  

Composition of Cash:	Checking Accounts	\$ 326,868
	Certificates of Deposit	0
		<u>\$ 326,868</u>

The notes to the financial statement are an integral part of this statement.

**MAIZE RECREATION COMMISSION  
NOTES TO FINANCIAL STATEMENT  
JUNE 30, 2016**

**Note 1 - Summary of Significant Accounting Policies:**

Financial Reporting Entity

**Maize Recreation Commission** is a recreation commission established under State of Kansas statutes designed to provide recreational services in and around Maize, Kansas. The Commission is governed by an appointed board created by the City of Maize and Unified School District No. 266 as a result of a special election on April 6, 1999. The Commission's financial statement includes all funds over which the Commission exercises financial responsibility. Financial responsibility includes appointment of governing body members, designation of management, the ability to significantly influence operations and accountability for fiscal matters.

**KMAAG Regulatory Basis of Presentation Fund Definitions:**

General Fund-The primary operating fund. Used to account for all unrestricted resources except those required to be accounted for in another fund.

Regulatory Basis of Accounting and Departure from Accounting Principles Generally accepted in the United States of America

The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The Commission has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of accounting principles generally accepted in the United States of America and allowing the municipality to use the regulatory basis of accounting.

Budget and Tax Cycle

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), and debt service funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Publication in local newspaper of the proposed budget and notice of public hearing on the budget at least ten days before the hearing.
2. Public hearing at least ten days after publication of notice of hearing and at least ten days before certification of the budget to the Commission.
3. Certification of the final budget to the Commission on or before August 1<sup>st</sup>.



**MAIZE RECREATION COMMISSION  
NOTES TO FINANCIAL STATEMENT  
JUNE 30, 2016**

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no amendments for the year ended June 30, 2016.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the Commission for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

**Note 2 - Compensated Absences:**

All permanent full-time employees are eligible for vacation and/or sick leave benefits in varying annual amounts depending on position and length of service.

It is the policy of the Commission to record vacation and sick leave benefits as expenditures when paid.

**Note 3 - Contingencies:**

Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not materially exceeded commercial insurance coverage in any of the past three years.

Grant Programs

The District participates in various federal and state grant programs. These grant programs are often subject to additional audits by agents of the granting agency, the purpose of which is to ensure compliance with the specific conditions of the grant. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.



**MAIZE RECREATION COMMISSION  
NOTES TO FINANCIAL STATEMENT  
JUNE 30, 2016**

**Note 4 - Deposits:**

K.S.A. 9-1401 establishes the depositories which may be used by the Government. The statute requires banks eligible to hold the Commission's funds have a main or branch bank in the county in which the Commission is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The Government has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the Commission's investment of idle funds to time deposits, open accounts and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The Commission has no investment policy that would further limit its investment choices.

*Concentration of credit risk.* State statutes place no limit on the amount the Commission may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

*Custodial credit risk – deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Government's deposits may be returned to it. State statutes require the Commission's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at June 30, 2016.

At June 30, 2016, the Commission's carrying amount of deposits was \$326,868 and the bank balance was \$374,796. The bank balance is held by one bank. Of the bank balance, \$250,000 was covered by depository insurance and the remaining \$124,796 was collateralized with securities held by the pledging financial institution's agent in the Commission's name.

**Note 5 - Postemployment Benefits:**

As provided by K.S.A. 12-5040, the Commission allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in the financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the government under this program.

**MAIZE RECREATION COMMISSION  
NOTES TO FINANCIAL STATEMENT  
JUNE 30, 2016**

**Note 6 - Operating Lease:**

The Commission leases space from the City of Maize for offices and activities. Minimum payments required under the agreement for the years ended June 30 are based on debt payments of the City for the building and are as follows:

2017	149,096
2018	151,143
2019	154,855
2020	160,174
2021	163,140
2022-2026	799,282
2027-2031	888,122
Total future minimum lease payments	<u>\$ 2,465,812</u>

The Commission's lease payment to the City of Maize was \$144,686 for the year ended June 30, 2016.

**Note 7 - Reimbursed Expenses:**

The Commission records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements.

**Note 8 - Subsequent Events:**

The Commission has evaluated subsequent events through August 12, 2016, the date which the financial statement was available to be issued.

**REGULATORY REQUIRED  
SUPPLEMENTARY INFORMATION**

**MAIZE RECREATION COMMISSION  
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016**

Fund	Certified Budget	Expenditures Chargeable to Current Year	Variance - Over (Under)
General Fund	\$ 718,000	\$ 602,500	\$ (115,500)

**MAIZE RECREATION COMMISSION**  
**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -**  
**ACTUAL AND BUDGET**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2016**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2015)**

<u>General Fund</u>	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Local Taxes Through USD	\$ 428,746	\$ 436,804	\$ 415,000	\$ 21,804
Fees	197,632	188,512	260,000	(71,488)
Reimbursements	827	96	100	(4)
Donations	300	520	500	20
Interest	22	25	1,000	(975)
	<u>627,527</u>	<u>625,957</u>	<u>\$ 676,600</u>	<u>\$ (50,643)</u>
Expenditures				
Salaries	243,581	238,442	\$ 230,000	\$ 8,442
Administrative	20,205	25,982	26,000	(18)
Sports	49,766	49,811	90,000	(40,189)
Operations	83,029	64,757	110,000	(45,243)
Capital Outlay	139,935	169,686	177,000	(7,314)
Programs	55,200	53,822	85,000	(31,178)
	<u>591,716</u>	<u>602,500</u>	<u>\$ 718,000</u>	<u>\$ (115,500)</u>
Receipts Over (Under) Expenditures	35,811	23,457		
Unencumbered Cash, Beginning	266,841	302,652		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 302,652</u>	<u>\$ 326,109</u>		